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# USAID/LEBANON LEBANON INDUSTRY VALUE CHAIN DEVELOPMENT (LIVCD) PROJECT

LIVCD ANNUAL PROGRESS REPORT  
OCTOBER 1<sup>ST</sup> 2012 TO SEPTEMBER 30<sup>TH</sup>, 2013

OCTOBER 2013

This publication was produced for review by the United States Agency for International Development.

It was prepared by DAI.



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# INTRODUCTION

## I.1 PROGRAM OVERVIEW AND OBJECTIVES

The LIVCD Project aims to increase the competitiveness of selected value chains. It will expand the number of Micro and Small and Medium Enterprises (MSMEs) that can compete in selected markets; improve linkages between those firms and other actors throughout the value chain; increase the gross value of products and services in local and export markets, and expand exports. The net effect of these activities will contribute to improved economic stability and food security for Lebanon, especially in rural areas, and decrease migration from rural to urban areas. Building on recent support to the rural sector through agricultural and other related economic development projects, LIVCD partners with local private sector companies to work in eight selected value chains that have the potential to compete in regional and international markets. It is expected that by the end of the project in September 2017, as a result of project interventions, the following results will be achieved:

- A minimum of seven fully functioning, competitive value chains.
- An increase of at least 700 businesses or micro-enterprises benefiting from horizontal and vertical linkages.
- At least 12,000 small and medium commercial growers benefiting from the dissemination of improved production and post-harvest technologies.
- At least 30 new export markets, niche markets, or distribution channels for selected value chain products.
- An annual increase of at least 10 percent in the volume and value of exported agricultural products of selected value chains for each value chain. If, for some value chains actual and potential export is limited, displacing imports with domestic production may be considered.

## I.2 OVERVIEW OF ANNUAL REPORT

This first annual report documents project activities from October 1<sup>st</sup>, 2012, to September 30<sup>th</sup>, 2013.

**Section One** describes the value chain assessment phase leading to the selection of eight value chains for project intervention. The work plan preparation phase is also described, including numerous stakeholder meetings and discussions with USAID, and the preparation for implementation based on the selected value chain upgrading strategies from the assessment. Stakeholders who participated in meetings and workshops included producers, farmers, syndicates, businesses, technical experts, and consultants. LIVCD set the priorities for the next

12 months through September 2014. During the last quarter, the project began implementing priority value chain activities in order to increase exports, displace imports, access new markets, improve the quality and quantity of products, and generate additional revenue for beneficiaries. In particular, LIVCD completed value chain activities under grants, co-investments, and PPPs targeting Lebanese communities impacted by the Syrian crisis.

**Section two** examines the emerging challenges and opportunities from the first year of the project, which may affect how the approved Life of Project and 18-month Work Plan strategies and activities will be carried out in ensuing years.

**Section three** provides an overview of the key activities and expected results for future implementation, particularly the implementation of upgrading strategies in each value chain.

**Finally, section four** summarizes administrative and operations activities completed including project start-up, recruitment, major procurements, and key deliverables submitted to USAID.

# I.0 WORK PLAN INITIAL IMPLEMENTATION

## 2.1 VALUE CHAIN SELECTION

*Activity 1: Analysing the Current Environment for Rural Value Chains in Lebanon*

In the six first months of the project, LIVCD initiated a value chain selection process that included four main steps: 1) defining the value chain universe, 2) defining LIVCD's selection criteria, 3) data collection including expert consultations, 4) and value chain selection. The team concentrated on these activities after mobilizing key staff members, including the COP, DCOP, the technical team consisting of the Marketing Technical Manager, Agribusiness Technical manager, subcontractor KDS staff members, and several other LTTA and STTA. LIVCD, building on staff expertise and significant research, conducted a preliminary analysis of competitive products that had proven demand in domestic and international markets, and based on recommendations from discussions with stakeholders, determined 24 different value chains for further consideration.

At the end of November, LIVCD shared with USAID an initial selection of evaluation criteria, refining the three key categories included in the proposal: 1) Competitiveness, 2) Development impact, and 3) Feasibility. In parallel, the team began to focus on gathering relevant documentation and assessments from several sources, in particular previous USAID programs, the EU, and the FAO.

In December, LIVCD worked intensively with three DAI STTAs: Value Chain Training Specialist, Dave Besch; Value Chain Assessment Facilitator, Kat Cooley; and Value Chain Assessment Team Leader, Tom Lenaghan on several aspects of the value chain selection process, to prepare a common scientific methodology for conducting value chain assessments. This methodology focuses first on export and domestic market demand, and other value chain factors such as productive resources, human resources capabilities, competitiveness, and timeliness.

The team conducted several workshops and discussions, defining the causal model and other tools to be used during the assessment phase, and selected a short-list of 15 value chains based on criteria determined to be deal breakers prohibiting competitive results, further consideration of Lebanon's natural resource base, the project team's expertise, and project level strategic focus.

A report describing the entire value chain selection process, detailing the methodology, data sources, selection criteria, and summarizing the available information on each value chain was completed and sent to USAID.

A list of eight priority value chains was identified to undergo a full assessment: Grapes, Pome Fruits, Olive and Olive Oil, Honey, Stone Fruit, Rural Tourism, Processed Foods, and Floriculture. In addition, four value chains were selected for less detailed assessments: Agricultural Basket, Handicrafts, Citrus, and Bananas.

## **2.2 VALUE CHAIN ASSESSMENT**

*Activity 2: Perform Market Analysis and Intelligence Gathering*

*Activity 3: Reconcile Market Intelligence with Capacity of Lebanon's Rural Economy*

Following the selection phase, LIVCD focused on researching and analysing reports, on-line and with desk research, conducting interviews with over 300 key stakeholders, and conferring with other USAID projects when relevant, in order to prepare assessment reports in conjunction with the contract requirements.

As part of the assessment, LIVCD conducted an end-market analysis for domestic and export markets, through exporters, distributors and retailer interviews; a value chain map with vertical and horizontal interactions between all relevant actors; an analysis of the business enabling environment and effect of public policies; opportunities and constraints for each value chain; an analysis of major dynamic trends taking into consideration the competitive forces among actors in the value chain; and value chain upgrading strategies, where the study team formulated major conclusions and solicited the input of value chain actors to evaluate them.

For each value chain, LIVCD held key stakeholder meetings to obtain relevant data, insight, suggestions, and recommendations, and to analyse the market, production costs, pricing, market size, and export opportunities. The team submitted the value chain assessment reports by early April, along with a Macro-Economic Assessment, a NGO Capacity Building Assessment, an Access to Finance Assessment, and other key deliverables per the contract.

Upon completion of the individual value chain assessments, a summary matrix with the most salient characteristics of the 10 value chains was developed with criteria of evaluation including the number of farmers and beneficiaries expected to be reached, projected sales and exports, and relevance to women, disadvantaged groups, and youth.

LIVCD sent a recommendation to USAID on May 21<sup>st</sup> with the final list of eight value chains for project intervention, including: Honey, Processed foods, Table grapes, Pome fruit (Apples and Pears), Floriculture, Olive oil, and Stone fruit (Cherries and Avocados). LIVCD also

recommended including rural tourism which can play a catalysing role with other value chains due to the existing synergies, and can enhance the value and image of crops such as fruit trees, honey, and olive oil. In addition, LIVCD recommended engaging in opportunistic support for products in the Rural Basket, which has great market demand for rural products such as free range eggs, thyme, and pine nuts, and can provide important added sources of revenue especially to poorer families and women in rural areas.

The final value chains selected based on the in-depth assessment phase includes:

- **Grapes:** LIVCD work in this value chain has the opportunity to greatly increase exports, especially to capitalize on small but stable exports to high value markets. The goal is to increase volumes of high quality grapes for export through linking small and medium scale farmers to larger farmers and exporters.
- **Rural Tourism:** The natural beauty and cultural and religious heritage of rural Lebanon is a resource that is not currently utilized well. LIVCD will focus on stakeholders at all levels of the economy to establish the necessary links and investments to develop and increase the value to the rural population from increased tourism. This work will include handicraft production and marketing. The target markets for rural tourism products and packages will be Lebanese urbanites, the Lebanese Diaspora and foreigners. LIVCD will also leverage past USAID investments in this value chain.
- **Processed Foods:** Lebanese cuisine is a great asset. Internationally, Lebanese cuisine is perceived as good and healthy food. LIVCD has chosen to work in the processed foods value chain because there is high potential for exports of existing products and there is the possibility to develop new products for the export market. This is a large value chain. Work in this sector will target small, medium, and large processors, and will also focus on improving ties between processors and the farmers who provide raw material.
- **Floriculture:** The LIVCD team has identified opportunities to improve and strengthen the floriculture value chain in Lebanon through increasing the volume and quality of flowers produced, creating direct linkages between farmers and retailers in domestic and international markets that limit the control of wholesalers. LIVCD will also look at the possibility of introducing distinct, indigenous flower species into commercial channels that will boost the image of the Lebanese flower industry and support price premiums.
- **Rural Basket of Products:** The rural basket of products includes honey, Lebanese thyme, free range eggs, and pine nuts. Work on these products can provide poorer segments of the rural sector with opportunities to increase incomes and add jobs without heavy capital investments. Honey in particular is a value chain that LIVCD believes can improve the livelihoods of up to 3,000 families all over Lebanon. The value chain may also include other products in the future. For example, as the DHAIM Project phases out, LIVCD may be able to incorporate such small scale products as



lettuce or other herbs and spices, with or without greenhouses. This value chain is structured to give the LIVCD Team flexibility to add future items as needed.

- **Stone fruits:** LIVCD will initially work in cherries and avocados. The LIVCD Team intends to assist stakeholders in this value chain to become recognized as a reliable and high quality source of sweet cherries by regional importers. LIVCD interventions will focus on improving production and post-harvest practices to extend the marketing season. It will also focus on investments in hydro-cooling and other infrastructure to extend shelf life. Avocados are a relatively new crop in Lebanon, but already international demand exceeds supply. LIVCD will work with small, medium, and large farmers to produce larger quantities of high quality avocados for export and link them to exporters and importers.
- **Pome fruits:** LIVCD will work with apples and pears. Lebanese farmers and exporters export large quantities of both these products. However, exports tend to be to lower value markets, such as Egypt. LIVCD will work with stakeholders in this value chain to increase the quantity of Grade A produce in order to capture a larger market share of higher value markets in the Arab Gulf.
- **Olive oil:** In the past several years there has been significant investment in the olive oil sector on behalf of donors. LIVCD's intervention aims to build on these investments to increase the consumption and sales of Lebanese olive oil domestically and internationally through the adoption of new labelling schemes certifying quality and perhaps origin. Promotional and advertising campaigns will accompany the launch and usage of such labels—leading to improved market conditions that will raise the volume of Lebanese olive oil sold into both the domestic bottled and branded export market segments. This increase in demand for higher-quality Lebanese oil from commercial actors subject to international norms will strengthen vertical linkages between growers, mills, and bottlers.

## 2.3 WORK PLAN PREPARATION

Following the assessment phase from October 2012 to April 2013 that resulted in the selection of the final eight value chains, LIVCD initiated the work plan preparation phase. The team, based on the upgrading strategies from the assessment reports, started developing a Life of Project and 18 month work plan draft, through the end of September 2014, for Floriculture, Grapes, Olive Oil, Pome Fruits, Processed Foods, Rural Basket including honey, Rural Tourism, and Stone Fruits. The team also discussed several cross-cutting value chain components, including Capacity Building, Access to Finance, Communications, and Market Intelligence.

During the work plan discussions with USAID, one of key ideas mentioned was the necessity to balance fast impact activities with activities which achieve impact in the future. The former type of activity will result in a rapid increase in revenues through improve production practices and

new technologies such as pruning and irrigation. In parallel, those activities that achieve significant results in the future include introducing new varieties. Therefore, the work plan reflects a balance between activities with short term and immediate results, specifically in host communities affected by the Syrian crisis, and activities with long term impact, such as interventions on product varieties and competitiveness. LIVCD designed the work plan for the Rural Basket value chain to emphasize reaching out to farmers that own smaller plots, in particular in host communities for Syrian refugees. LIVCD understands that while the project remains end-market oriented aimed at improving competitiveness within the value chains, its objectives must be reconciled with USAID's Feed the Future development objectives. LIVCD also emphasized interventions with the potential for scaling up and replicating initiatives to leverage additional funds from the private sector. In addition, specific tasks were included for enhancing Science, Technology, and Innovation Partnerships (STIP) projects, such as: introducing innovative field management practices to farmers such as trellises and drip irrigation, working on patented planting materials with farmers and seedling producers, and supporting high technical tissue culture laboratories.

LIVCD also designed the work plan in coordination with other USAID projects, in particular Baladi which shares areas of complementarity and might work with common municipalities. LIVCD also coordinated with the LIM project on access to finance to discuss agriculture lending. LIVCD plans to facilitate lending and support feasibility studies, in coordination with LIM's efforts. For rural tourism, the Work Plan articulated the goal of building a sustainable value chain while capitalizing on several projects previously funded by USAID.

On July 11<sup>th</sup>, LIVCD presented the draft Work Plan to USAID staff at the U.S. Embassy, including the Director of Economic Growth, Water, and Environment, LIVCD COR, Baladi COR, Lebanon Investment in Microfinance (LIM) COR, the Monitoring and Evaluation Officer, the Environment Compliance Officer, and a representative from Social Impact. Following several discussions with USAID and based on stakeholder meetings, LIVCD submitted a final version of the Life of Project and 18 Month Work Plan to USAID on August 21<sup>st</sup>, 2013, and received approval for it on August 30<sup>th</sup>. LIVCD submitted its Performance and Monitoring Plan to Social Impact on September 20<sup>th</sup>.

## **2.4 IMPLEMENTATION OF PRIORITY ACTIVITIES IN EACH VALUE CHAIN**

This section describes the major highlights in each of the selected value chains, as well as the four cross-cutting components. It includes a summary of the key stakeholder meetings and workshops held to identify areas of collaboration and information gathered for efficient implementation and maximum impact.

## 2.4.1 CROSS-CUTTING COMPONENTS' AND VALUE CHAINS' HIGHLIGHTS

### ○ Cold storage, sorting, packing and cooling facilities assessment

Cold storage appeared particularly important in the pome fruit and cherry value chains, where stakeholders expressed the need for a pilot sorting and cold storage facility to demonstrate best practices, from harvesting to post-harvesting.

Following several discussions with stakeholders, LIVCD started **assessing existing cold storage facilities**, and visited **Fayez Kattan**, owner of a cold storage facility and an exporter of pome fruit and cherries, who stated: “The main priority in the value chain is to increase the quality of products at the field level, and I am ready to co-invest in a hydro cooling system by providing land in Chtaura.” LIVCD also met with Simon Zgheib who invested in a new cold facility in Balamand, which can hold approximately 480,000 crates. Many cold storage owners expressed the importance of traceability and pre-cooling systems for pome fruits and cherries. Apple farmers from **Labweh, in Baalbeck District**, who rely largely on agriculture as a source of income, mentioned: “The region produces around 7,000 tons of apples, apricots, peaches, plums and other crops; however it lacks agriculture extension services, and suffers from high costs for storage and transportation to collection, packing, and marketing centers.”



Kattan exports apples, cherries, apricots, plums, and pears to GCC countries and Egypt, and owns a cold storage in Anjar

### ○ Seedlings, rootstock and tissue culture:

While trying to improve the quality and productivity of seedlings, LIVCD visited **Cosa Nostra**, retail and wholesale nursery, the exclusive Middle-East dealer of **Brokaw**, a renowned brand that produces and sells certified seeds and trees across the world. The company sells high quality flowers, tropical and exotic foliage and palms, shade trees, shrubs, and over a hundred different varieties of fruit trees. LIVCD also discussed varieties and rootstock issues, with Dr. Adel el Tini, a preeminent grape grower in the Bekaa who suggested working with international and local nurseries, and offered to coordinate the purchasing of plants. In order to assess the opportunities of initiating demonstration plots, as suggested in value chain upgrading strategies, the team held a meeting with the Technical Manager at **Machatel Loubnan**, as well as with **JUNO Agribusiness**, that hosts a 180 m<sup>2</sup> fully equipped tissue culture lab, with the capacity to produce over 250,000 seedlings per year.

- **Laboratories and certification:**

LIVCD prepared a **laboratory survey**, submitted to USAID on July 2<sup>nd</sup>, which provides a briefing on the Lebanese laboratories and tests available for the different value chains, including testing fees, the time frame for completing analyses, and the types of accreditation offered. One of the most pertinent results of this investigation is that most of these labs are accredited for their microbiological departments and they are currently working to gain accreditation on additional tests. LIVCD visited the University of Saint Esprit Kaslik- USEK, and met with Dr. Marc Beiruty, Dr. Chadi Hossri, and Mrs. Samar Azzi, the Industrial Research Institute (IRI) in Choueifat, the Chamber of Commerce in Tripoli and Zahle, RBML Lab in Choueifat, the Kfarshima laboratory, the CNRS in Beirut, and the LARI laboratory in Fanar in order to complete the assessment.

- **Rural development cross-cutting value chains**

LIVCD discussed a regional development plan for the **West Bekaa** region, including Ammiq and Saghbine, and met with members of the '**B-West network**' that includes nine municipalities. LIVCD will work on a development agreement, to support upgrading rural tourism activities and provide technical support to local farmers and explore potential co-investments in grape production, a potential frikeh pilot plant, and the creation of a local quality label for 'terroir' product preparation.

**LIVCD** travelled to **Deir al Ahmar**, a region greatly affected by the **Syrian crisis**, to meet over twenty farmers, cooperative members, and representatives from Caritas and local NGOs from several villages in the region to evaluate their needs and opportunities for collaboration. Deir el Ahmar Cooperative, a female cooperative which produces traditional foods including jams, pickles, food preserved oil, molasses, dry food, and syrups, raised the problem of market access. The visit to the region was also an opportunity to meet several actors in rural tourism. In **Kfarmeshkeh**, West Bekaa, LIVCD met with a group of stakeholders, to discuss ways to upgrade and create additional sustainable economic activities to increase income and the standard of living for the local population, in particular through the cultivation and export of table grapes and olive oil, and the development of agro-tourism activities in the area. Potential projects include supporting cooperatives in developing modernized production techniques, and supporting olive farmers in new local and export markets.



Kfarmishki's farmers in West Bekaa cultivate several varieties of grapes, along with olives

In Rashaya, the team met the Head of the Municipality, the Head of the Tourism Committee, a Rashaya Garden Food processing company's representative, and members from the Rashaya Women's Cooperative. These stakeholders are actively contributing to development of Rashaya's tourism, agriculture, and honey activities, and are willing to contribute and participate with LIVCD in the development of a strategy and action plan.

In Jezzine, LIVCD is also collaborating with Khalil Harfoushe President of **the Jezzine Union of Municipalities** and Nasser Bechara, President of the **Olive Oil Cooperative**, to discuss and plan the next steps for supporting farmers in several activities related to olive oil, pine nuts, the rural basket, tourism, and honey. Currently, they are working on a brand identity 'Min Jezzine', targeting export markets in particular France, Brazil, and China. LIVCD is also discussing projects with **Jezzine Cooperative** that markets several products under the **B-Balady** label, including free range egg production, broiler chicken production, medicinal herbs, and honey. LIVCD supported the new management in improving its financial system, and will help the cooperative implement its marketing and sales strategy.

- **Linkages with traders, distributors, and exporters**

LIVCD met with Mario Massoud from **Biomass**, the Lebanese pioneer producer and distributor of organic fruits and vegetables, and discussed several projects that the company has in the pipeline, as well as the market potential of LIVCD selected value chains. While mentioning apples, pears, avocados, and pine nuts, Mr. Massoud confirmed: "There is a high export and domestic market potential for these crops, especially when certified organic, while prices and consistent quality are the main limitations to increase sales. Several byproducts are also in high demand, such as juices, creams, chips, and ready-to-cook products". LIVCD will collaborate with Biomass to improve the production, quality and distribution of several organic products. While discussing the LIVCD work plan with the President of the Barouk Cooperative, Mr. Abou Alwan expressed his interest in participating in a majority of activities, while also requesting assistance to increase production, and stressing the importance of marketing products. LIVCD also met with **Fair Trade Lebanon** Project Director Mr. Benoit Berger, an alternative food chain that could help in linking local food cooperatives and producers to the rural tourism network, as well as in promoting exports of locally made products such as handmade soap and dried almonds.

## **2.4.2 FLORICULTURE**

LIVCD held several meetings with **Exotica** (Debbane Group), CEO Marc Debbane and Technical Manager Mr. Marwan Akkary shared data on the domestic market, the opportunity to displace imports, production costs, and the main industry players. Mr. Akkary supported LIVCD as an STTA to assess the domestic and export market opportunities.

LIVCD also discussed the identification and propagation of endemic plants and flowers with Dr. Marc Beiruty, Associate Professor at **USEK**, an ethno-botanist and an expert in Lebanese flora. In particular, he mentioned that *Oregano Lebanonica* and other species, originating from Lebanon do not require registration and royalty fees. LIVCD also met with



A flower greenhouse in Jbeil

**DHAIM** project staff to discuss the floriculture value chain status and the team also visited the **Hariri Foundation**.

In addition, in July, LIVCD started gathering market intelligence and analysis of key target markets for exports. LIVCD hired an expert in floriculture marketing and production to provide actionable market intelligence, advice, and support to the LIVCD project and partners in GCC countries, in particular Abu Dhabi, Dubai, Qatar and KSA, and Lebanon. Following the market survey and gathering of market intelligence, LIVCD will work with key stakeholders in the value chain to identify windows of opportunity emphasizing local and export sales focused on price premiums and finding new market channels and buyers in each target market. The next steps include partnering with academic institutions to identify and domesticate potential endemic Lebanese plant species in addition to identifying a partner from the private sector to market and distribute the newly commercialized plant.

### 2.4.3 GRAPES

In May, LIVCD organized a **workshop for a group of grapes stakeholders** at the Chamber of Commerce in Zahle, attended by 18 farmers, processors, private company representatives, and the USAID COR. Issues discussed included the necessity to improve grape quality, through new varieties, in order to increase exports and the potential of working with private sector partners to leverage more investment.

As a follow-up, LIVCD held several meeting with Dr. Adel el Tini from **Medigardens**, who will manage a group of farmers, providing them with technical support in planting new varieties and commit to purchasing production that meets stringent export standards to the U.K, France, and Russia. A co-investment agreement is being prepared in order to meet the deadline for the planting season. In Qab Elias, West Bekaa, LIVCD met with Ali Jaber, **lead farmer and exporter** of grapes, apples, peaches, and other fruits and vegetables, who interacts with



several farmers as a damman or trader, covering a 4,000 dunums of agriculture land. As a lead farmer, Mr. Jaber proposes a three way co-investment in grapes as a means of improving quality for export. He proposes to hire an agricultural engineer to provide technical support to small farmers with about 10 to 25 dunums of land, to apply the Global GAP system, and will then commit to purchase the products based on a set market price.

LIVCD traveled to **Kfarmeshki** in the Caza of Rachaiya Bekaa where a large proportion of the population relies on olive and grape agriculture and met Wissam Khoury, Secretary of the Agricultural Cooperative that includes 13 members. This town suffers from a shortage of water, and irrigation is done through the collection of water in artificial ponds and pumping water to the fields. LIVCD anticipates collaborating with the Cooperative through training farmers on good agricultural practices, introducing new grape varieties and related techniques, and marketing support.

In Marjeyoun, Saida, and Jezzine, LIVCD acknowledged the lack of technical support, the high costs of inputs, and lack of water and efforts will include technical assistance and improving shelf life for improving exports.



Kfarmeshki vineyards are still cultivated using traditional practices and farmers know little about new varieties with high market demand

LIVCD also discussed opportunities to develop new products such as **grape syrup**, and will assess the demand for products that show some potential in the ethnic market channels in the U.S., Canada, and Japan. LIVCD will also support processors in assessing the production process and feasibility of developing the right product, and sourcing raw material from small grape farmers.

LIVCD is also preparing a **prospectus for potential investors** in the value chain, based on several financial projections and return on investment calculations.

#### 2.4.4 OLIVE OIL

LIVCD organized a **stakeholders' workshop** on July 3<sup>rd</sup>, attended by about 40 participants, including the USAID COR and Director of Economic Growth, Water, and Environment. Stakeholders at the workshop included producers, processors, exporters, distributors, mill owners, heads of cooperatives, bottlers, and traders. Discussing the proposed work plan, the areas of support that emerged included: 1) How to increase olive productivity at the field level; 2) Challenges faced at the milling level and how to improve the milling process; 3) How to raise consumer awareness to buy Lebanese branded and non-branded olive oil; and 4) Increasing

access to export markets. Following the stakeholders' workshop, LIVCD continued working on identifying relevant opportunities, including following-up with stakeholders that showed interest to co-invest in PPPs in order to improve their milling or marketing practices while benefiting a large number of smaller producers.

LIVCD also attended the olive oil competition at the **HORECA exhibition**, where over fifty applicants participated in two categories, the best Extra Virgin Olive Oil (first and third prizes won by Willani) and the best Olive Oil Bottle and Label. On September 27<sup>th</sup>, LIVCD signed a **Joint Product Promotion agreement with Willani SARL** aimed at increasing exports of Lebanese extra virgin olive oil, sourcing olives from 150 small and medium producers in Zgharta and Koura, and facilitating access to the U.S. market. The assistance will support LIVCD's overall strategy of improving small



LIVCD and Willani signing the joint product promotion co-investment

and medium-scale olive producers' access to markets and increasing market demand for Lebanese olive oil. The co-investment targets an important and potentially very large market segment in the U.S. Moreover, the project will identify in coordination with the beneficiaries a list of technical topics that will be covered by training sessions and workshops at Willani SARL's premises. The agreement includes distributing promotional samples to at least two hundred retailers and distributors in the North-East U.S., through Sweet Delight Delicacies (SDD), a U.S.-based food manufacturing and distribution company. This project has a total budget of \$38,624 with Willani's share of the co-investment constituting about 60 percent of that sum. The co-investment also includes LIVCD marketing assistance in upgrading packaging and labeling. As a direct result of this initiative, exports to the U.S. will increase by nearly \$180,000 over the next year.

LIVCD held meetings with Dr. Ziad Iskandarani and Christine Tawk from **Bureau Veritas**, one of the most renowned quality control and certification companies in Lebanon, to share ideas on the seal of quality for Lebanese olive oil. The objective behind the seal is to create added value for Lebanese bottlers that produce extra virgin olive oil of Lebanese origin. The seal can be used as a marketing tool that will raise customers' trust in brands and provide new outlets for Lebanese olive oil producers that have difficulty competing with cheaper Syrian oil bottled under Lebanese labels. To ensure success and sustainability of the seal beyond the life of the project, the seal should be owned by a third party company such as Bureau Veritas. LIVCD intends to support the design, promotion, and consumer awareness campaign, as well as technical support to bottlers to upgrade their facilities based on HACCP standards. Five pioneer bottlers have already expressed their interest in adopting the seal, while Bureau Veritas



offered to cover the development costs associated with creating the seal. Next quarter, LIVCD will finalize the attributes and implementation strategy for the seal.

LIVCD also **visited several olive mills and collection centers** in the North and South of Lebanon and in Akkar to identify potential collaborations such as venues to host production centers, collection centers, and potential mills that could be part of the project in the future. LIVCD will schedule follow-up meetings to explore ways to leverage the existing infrastructure to assist small and medium farmers in the area, in addition to offering technical assistance for GMP and HACCP certifications. High potential actors within the olive oil value chain such as bottlers and brand owners, private and cooperative mills, investors, and growers are highly interested in partnering with LIVCD on specific work plan activities.



Willani produces high quality oil in its modern and advanced milling and bottling facility- most of the product is exported

LIVCD also met Dr. Boutros Labaki and Mr. Antoine Hanna from the **Lebanese Institute for Integrated Economic and Social Development (ILDES)** and Mr. Nasser Bechara, Head of the **Olive Oil Cooperative of Jezzine (OOCJ)**, who established an olive oil collection, milling, bottling, and storage center, certified with ISO 22000, in the village of Bisri in 2009. They requested additional marketing support to help them sell their members' oil. They intend to establish a trading company to market their future brand called 'Min Jezzine'.

LIVCD visited **Akroum, Chadra, and Dreib in Akkar**; a region heavily affected by the Syrian crisis, and met the Director and members of the Olive Oil Cooperative in Akroum. In the region, orchards of 250,000 young olive trees are mostly below optimal production level and gradually reaching maturity. The Cooperative owns a mill used by 400 producers that appears to be well-managed and self-sustainable, however its capacity is limited and several growers are denied access. LIVCD will conduct a technical assessment of the mill and study the feasibility and advantages of adding an additional decanter which could be co-financed by the Cooperative, or other upgrades to the milling line that would improve its efficiency and therefore positively impact local producers. In Chadra, LIVCD evaluated the priority need for milling and harvesting equipment to improve the quality of oil that would decrease costs.

LIVCD started developing a project to increase the competitiveness of olive producers through the reduction of harvesting costs by using **mechanical harvesters**. The project will co-invest with six cooperatives to build their capacity allowing them to adequately manage and sustain such a program, train farmers on calculating costs of production, and distribute mechanical harvesters. LIVCD will implement this during the harvesting season.

#### **2.4.5 POME FRUIT**

Following the stakeholders' meeting where several issues such as the need for technical assistance were identified, LIVCD focused on identifying and **preparing 12 pilot plots for demonstrating** and introducing mechanical pruning equipment, installing net covers, organizing field trainings and visits, and testing harvesting tools and ripeness. Several sites were visited in the Bekaa, Sannine, Baskinta, and Zaarour, and selected based on their location and accessibility, the owner's engagement and willingness to train other farmers, openness to new techniques, and willingness to allow other farmers, trainers, and experts' constant access to the site. In Ammiq, LIVCD discussed development agreements with Gaby and Setrak, as well as Emile and Joseph Skaff, and Skaff Estate's plantation, and expects to sign agreements early in the next quarter. In addition, three potential sites were identified for creating service centers, namely Arc en Ciel, Liban Village, and Sannine Cooperative for Sustainable Agriculture (SCSA), intended to consolidate farmers and help them work together to achieve economies of scale in purchasing inputs and services, as well as in sales, distribution, and marketing.



LIVCD selected Ibrahim Khoury's orchards in Zaarour as a potential demonstration plot

LIVCD also started implementing an **interactive curriculum development for orchard management**. The program is facilitated by LIVCD subcontractor Making Cents. From August 27<sup>th</sup> to September 11<sup>th</sup>, this targeted and tailored capacity building program combined the technical content of the training with interactive training methodologies in order to generate buy-in and interest on the part of producers to ensure the comprehensive application of the knowledge, skills, and attitudes introduced by the training. A pilot training session was delivered in the field to a target group of 11 producers in Hadath el Jebbeh. The training material will be finalized in the coming quarter. In December, the second part of this training will gather master trainers to start training farmers as well as additional agriculture engineers from different NGOs, Cooperatives, and the private sector, using the interactive and applied learning approach.



Applied learning in the field, presenting the advantages of an improved orchard versus a traditional one.

LIVCD also met with World Vision Lebanon's (WVL) Economic Development Specialist Georges Abi Rizk, to coordinate activities related to pome fruit. LIVCD is looking to collaborate with WWL for apple production in the Bekaa and Bcharreh, focused on training farmers, setting an 'alert system' in cooperation with a partner to be identified, on "Best Orchards Management", proposing a system for cash payment for companies to reduce the

cost of inputs, and proposing an innovative approach to conduct traceability for apples and olive oil. In the coming months, LIVCD will initiate forming a national technical committee for apples and pears to define best practices and guide focused and strategic interventions.

#### 2.4.6 PROCESSED FOODS

In August, LIVCD organized a **stakeholders' workshop** attended by about 35 representatives from food industries, women's cooperatives, SLFI, and Libanpack, in order to present the work plan and share views on several topics, including: Improving competitiveness, the importance of applying HACCP regulations and 'Lean Manufacturing' systems, assistance in meeting U.S. market and FDA regulations, supporting SLFI, LIBNOR, and Libanpack to meet necessary regulations, and the integrated LIVCD value chain approach.



Mechaalany intends to enlarge their factory, which procures products from about 180 farmers

In order to increase sales in the local market, thus increasing the overall quantities of fruits and vegetables purchased from rural farmers, LIVCD worked with **Mechaalany Foods** managers, and distributor **Fattal** on a new marketing strategy to increase the quantity of fruits and vegetables sourced from local farmers. Mr. Mechaalany may hire an expert to initiate work on new product development for the company, as well as a new and improved production process of pickles and jams based on LIVCD recommendations. The company will also analyze information related to current sales of Mechaalany products in the U.S. and Canada, in order to suggest promotional tools that can increase exports to these markets. Mechaalany is preparing a feasibility study to expand into a new facility which will meet international standards, and will result in increased purchasing from the current 180 farmers, of which 120 are women.

LIVCD held talks with **Wadi el Akhdar**, which had expressed its intention to procure locally produced olive oil, and introduced the company to Willani SARL. After conducting a sensory analysis of Willani's oil and comparing it to others, Wadi el Akhdar highly appreciated the quality. LIVCD will follow-up in the coming weeks on this potential to displace imports.

LIVCD is also assisting several companies to implement ISO 22000, through an assessment, training, and encouraging the company to hire a Quality Manager to implement the requirements. Companies participating include **Al-Nabil**, whose factory consists of a closed section for manufacturing of jams, juices, and vinegar and an open section for manufacturing pickles. LIVCD is also supporting **Cedrus Agro-industry** that produces pickles, tomato

sauce, and other products under the brand names Karam al Mawassem and Wadi el Akhdar in implementing HACCP standards. The company hired Mrs. Salwa Abou Dayeh, based on LIVCD's suggestion, to support and follow-up the implementation. LIVCD will provide assistance for an improved local distribution system, and expand export opportunities by meeting FDA standards. Cedrus purchases significant quantities of cucumbers and tomatoes from small farmers.

LIVCD travelled to Deir el Ahmar in the Bekaa to assess **Caritas's pickling factory** operation lines and conduct a hands-on interactive training for management and staff in order to improve the profitability of the organization as it fills orders from Gardenia and to ensure that the products are healthy, have consistent and acceptable quality, and that orders can continually be delivered based on demand. Caritas employs twenty local women- paid on a daily basis- five days a week to prepare the pickles. In addition, Caritas procures fresh raw material from local farmers and producers every day.



LIVCD STTA conducting hands-on interactive training for Caritas's Deir el Ahmar production team; the factory employs 20 local women and procures raw material from local farmers

LIVCD is also discussing with **Qab Elias Vocational School** the possibility to help increase enrollment rates, providing technical training for teachers, and organizing conferences with expert interventions on specific topics such as LEAN manufacturing, product development, and ISO 22000, and reviewing the current curriculum to appropriately adapt it for students.

LIVCD has provided assistance to **Jana el Ayadi Cooperative** to verify and standardize their recipes for 29 products and is assisting the Cooperative in upgrading their labels for export markets, in particular the U.S. and Canada. The team trained the staff on methods of standardization, with hands-on instruction in preparing stuffed eggplant in oil. LIVCD also visited Mymoune, a company that requested assistance for new product development and marketing, noting the importance of Lebanese participation in trade shows, and Al Rabih and Lebanese Mezze, who both pointed out the need for product development, and the importance of encouraging Lebanese farmers and cooperatives to produce the right type of products for processing.

LIVCD also met with several cooperatives such as the **Charity Association for Rural Development in Chebaa (CARD)**, based in Chebaa, working with 150 farmers from the village and women on food processing and handicrafts. In addition, LIVCD attended the **National Food Day** organized by SLFI during the HORECA trade show, where experts



discussed potential for Lebanese food processors in export markets and the need to shift marketing strategies and adopt new approaches to enter high value markets.

#### 2.4.7 RURAL BASKET: HONEY

LIVCD organized a **stakeholder's workshop** for the honey value chain on June 19<sup>th</sup>, which gathered over 40 beekeepers, honey experts, university professors, laboratory representatives, and cooperative leaders from across Lebanon. The workshop was attended by the USAID Director of Economic Growth, Water, and Environment, and the COR. LIVCD presented the work plan and proposed strategies to further improve the honey sub-sector in Lebanon, while discussing four themes in smaller groups: Production Increases, Disease Management and Capacity Building, Awareness Building, and Access to Local and Export Markets. The workshop allowed in depth discussion of the work plan and focused on improving and increasing honey production, controlling diseases, inhibiting the effect of pesticides on honey production, building capacities, raising awareness, and increasing access to local and exports markets through accreditation of laboratory tests and certification.

LIVCD also organized a meeting with experts Dr. Dani Obeid, Dr. Shady Hosri, Afif Abou Chedid, and Tarek Yassine to discuss the **beekeeping training plan** objectives, and the proposed topics agreed between professors and beekeepers. LIVCD plans on training 30 trainers who, in turn, will train over 2,000 new and existing beekeepers on a curriculum including five main topics dedicated to either beginners or advanced beekeepers: 1) Managing beehives and products; 2) Increasing production; 3) Raising queen bees; 4) Identifying and combatting diseases; and 5) New strategies to increase beekeepers' revenue. The team prepared a draft syllabus, which will be developed into a training booklet to be distributed to beekeepers. The scope of work for the trainers is finalized and approved by USAID and the team will kick off the training in the coming weeks.

LIVCD met several beekeeping experts in artificial and natural breeding in order to discuss the **feasibility study for the implementation of a breeding center in Lebanon**, which will allow beekeepers to increase bee stock, honey quality, and decrease disease rates. Furthermore, several private sector stakeholders expressed their readiness to invest in the breeding center project and are ready to provide funding, land, and human resources, however they require LIVCD's assistance with a feasibility study,



LIVCD and beekeeping professors and experts discuss the training plan and curriculum targeting 2,500 beekeepers

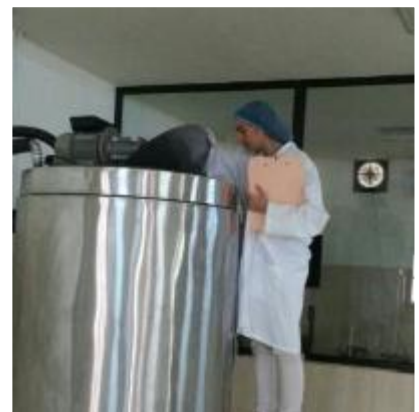
expertise, and training. **APIS** President, Saad Wehbe, suggests: “We should have several breeding centers across the country, and ensure the safety of queen bees by providing a non-contaminated environment, such as natural reserves.” LIVCD will follow-up on this issue.

Among the targeted beekeepers for the honey training is the **Old Akkar Beekeepers Union of Cooperatives** that includes 33 rural villages, includes 250 members, and benefits another 250 beekeepers. Mr. Khatib, the Union’s President, mentioned: “Our Cooperative can impact 1,000 beekeepers that could benefit from a supply store in Akkar for bee medicine and equipment, as well as from a lab to test honey before selling it.” The Cooperative wishes to increase honey production from 2,500 kg to 10,000 kg per season, and LIVCD will provide training to improve the quantity and quality of production.

In addition, in **Assia, upper Batroun**, LIVCD met with the Mayor, Ambassador Emile Bedran, who intends to offer facilities and required training to extract high quality honey and utilize the residual products such as wax, to benefit around 160 beekeepers from 30 neighboring villages. LIVCD will assess the areas of intervention related to training, beehive distribution, and honey collection equipment.

LIVCD also worked with the **Jezzine Cooperative**, which has strong brand equity and supports 177 beekeepers in Jezzine to increase capacity and promote sustainability. Both parties are working on a co-investment proposal to expand honey production. LIVCD visited the **Association for Forest Development and Conservation (AFDC)** in Metn el Aala, which includes 77 members with a total of 3,000 hives, provides a wide range of services, including honey harvesting, wax recycling, training, capacity building, information sharing, and marketing some honey of the members through a branded product in local shops, supermarkets, and fairs.

LIVCD is also offering **technical assistance to commercial brands** Kaddoum and Jabal el Sheikh, who source honey from over 200 small beekeepers and have the capacity to access new markets. Both companies are willing to co-invest under a PPP to increase sales in domestic and export markets. In August, LIVCD initiated training at Kaddoum Honey’s production facility for implementing ISO 22000 standards. Mr. Kaddoum eventually hired Mrs. Vanessa Brassios, an expert in food quality and safety, to conduct the implementation under LIVCD’s guidance. Currently in phase two of her three month assignment, Mrs. Brassios established the organizational chart of the HACCP team, and prepared the cleaning and sanitation program. The ISO certification, the first for a Lebanese honey producer, will allow Kaddoum to increase its exports and sales, translating into



Vanessa Brassios was recruited by Kaddoum honey to implement standards for ISO certification

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increased quantities of honey procured from small rural beekeepers in Jbeil and the North of Lebanon. In parallel, LIVCD facilitated a market linkage between Kaddoum and an exporter in Qatar, and will follow-up on this new opportunity through a joint product promotion co-investment.

LIVCD also discussed with Mr. Massoud, from **Etablissements Antoine Massoud s.a.l**, distributor of Kaddoum honey, Biomass, and Willani organic olive oil, to assess the potential of increasing sales of honey in the local market, as well as displacing imports. In order to prepare a proposal for a co-investment, Mr. Massoud is compiling a list of activities and promotions that are aimed at increasing sales and sourcing more honey from small or medium sized producers.

In addition, LIVCD met with Hussein Kadamani from **Jabal El Sheikh**, to discuss export opportunities to the U.S. UAE and Kuwait, benefiting around 60 beekeepers located in Bekaa, Chouf, and the North- regions heavily affected by the Syrian conflict. Mr. Kadamani is currently negotiating a deal with an importer, and LIVCD started assisting him in meeting U.S. market requirements, through upgrading product specifications such as: developing nine Stock Keeping Units (SKUs), working on the new labels, design, and packaging, and developing a new website to facilitate linkages with other importers.

LIVCD is also building linkages between producers and commercial brands in order to displace imports. LIVCD worked with **Wadi el Akhdar**, and co-invested in testing samples of honey, from Al Shifa, Ahmad Ismail, and Afif Abou Chedid for a full analysis including pesticide residue levels, antibiotics, and adulteration. It appeared that Afif Abou Chedid's honey is of superior quality, while Ahmad Ismael's is adulterated, and Al Shifa's contains traces of mercury and pollen from non-Middle Eastern origin. Wadi el Akhdar plans to start purchasing 50 to 100 tons of honey annually from Afif Abou Chedid, which will benefit small beekeepers.

In an effort to raise awareness on the beekeeping sector in Lebanon, LIVCD also finalized an agreement to co-finance the preparation of **two episodes of the TV program 'Al Hiwar al Iqtissadi' (The Economic Dialogue)**, on The Arab Woman Channel and broadcasted weekly on Arab satellite channels. The support covers the production costs of two 50 minute episodes; Episode one is 'Honey production as an economic opportunity in rural areas', with a focus on Jezzine, South Lebanon. Guest Hussein Kadamani, who is also co-investing in the episodes.

**'Supporting Families Beekeeping' grant in**  
This grant, initiated in



Beekeepers in Akkar started extracting small quantities of honey from the hives provided by LIVCD through a grant assisting communities affected by the Syrian crisis

**through Akkar**  
April, aims at providing

130 small beekeepers in 12 villages from host communities in Akkar, with inputs, including 500 hives, and 100 sets of beekeeping equipment. Implementing partner Caritas managed the distribution and monitored the production of honey starting in August. Some beneficiaries with less experience in bee hive management expressed their need for training. In response to the

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request from beekeepers and Caritas's Field Coordinator, LIVCD identified a trainer from the area to conduct additional training in Chadra, which was attended by over 60 beekeepers. Expert trainer Hussein Awada presented a monthly calendar for maintaining good beekeeping practices for hives related to disease prevention, queen breeding, honey collection, and hive hygiene. The trainer also provided information on proper protein feed to increase productivity. As a result of this grant, some of the beekeepers collected up to 20 kg of honey per hive, while others collected two to five kg based on factors such as experience and oversight. LIVCD is following up with Caritas to design a grant for distributing hives and providing technical assistance to new and existing small beekeepers, in order to increase the quantity and quality of honey production.

#### 2.4.8 RURAL BASKET

In Jezzine, LIVCD met Joseph Abou Zeid, Head of the **Jezzine Cooperative for Pine Nuts**, along with five members of the organization that supports 22 pine nut producers and harvesters in the Jezzine area. Among the constraints and priorities mentioned during the focus group, was the need for a nursery which would provide improved pine nut seedlings, equipment, and machinery, support for packing, labelling, branding, and improved marketing, sales, and exports of kernels. LIVCD may also offer technical assistance for good management practices to the Cooperative, which was established two years ago and equipped with a pine nut grinding machine through the USAID-funded EMLED project.



The Pine nuts cooperative was established as part of a previous USAID project. It owns a grinding machine and plans to build a processing unit.

In March, LIVCD initiated a series of income generating activities to be implemented in host priority communities under grants based on USAID's request to support communities adversely impacted by the Syrian crisis.

#### Free range egg production in Akkar



This grant was initiated April 15<sup>th</sup>. Implementing partner North LEDA distributed 3,910 layer chickens and 15 tons of feed delivered to 147 families, receiving an average of 25 to 50 of chickens, in 10 villages in Akkar. Following several field visits to households, LIVCD confirmed North LEDA's analysis that the absence of adequate feed was the main reason for a reduction in the chickens' productivity, while other reasons include farmers not abiding by the training instructions. To address the issue, a three month service agreement was signed with Healthy Animal Center (HAC), a private company located in Tripoli, to provide technical assistance to the 147 households. Support included offering coop management and egg care instructions through on site visits. HAC also provided the proper feed mix for better chicken productivity at a negotiated cost. In addition, the company identified a focal point in each village to collect the eggs and transport them to the market, while compiling information on volumes sold and prices received. Despite the decline in egg production, the benefiting families are consuming 1,079 eggs, and selling 386 eggs every day resulting in increased health and income. Over thirty percent of all beneficiaries reported selling eggs during August.



### Free range egg production in Baalbeck and Hermel

This grant, initiated on July 16<sup>th</sup> and implemented by Lebanese Organization of Studies and Training (LOST), supported distributing 6,000 laying chickens to 200 families in Baalbek and Hermel, while LOST facilitated sales of the eggs through coordination with local market outlets, municipalities, and other stakeholders. After distribution on

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September 10<sup>th</sup>, the chickens began laying eggs immediately, and beneficiaries reported selling eggs at prices averaging \$5 per box of 30 eggs, providing revenue for families participating in the program. LOST also developed a leaflet available at points of sale and retail shops, to promote buying the eggs in support of Lebanese families affected by the Syrian conflict. Consumers appreciated the quality and demand more of these 'fresh house-produced eggs'. In order to prevent the burden for families of buying feed at a high cost, LIVCD and LOST negotiated prices with local feed suppliers and distributed vouchers to receive 100 kg of feed. In addition, LIVCD's technical expert provided training sessions attended by about 90 percent of beneficiaries, explaining coop preparation and proper chicken care and farming. By the end of September in Baalbek, the productivity rate was high, with each beneficiary producing about 25 eggs daily. LIVCD will continue monitoring the promising impact



LOST distributed 6,000 layer chickens in Baalbeck and Hermel, while providing training sessions and marketing support; chickens began laying eggs immediately.

of this grant, where beneficiaries intend to expand their business by buying new layer chickens with the income from the sale of eggs, one of the key goals of the project.

### Thyme cultivation grant in Akkar

The grant initiated on June 14th in partnership with the Agricultural Association of Chadra, intends to distribute 100,000 thyme plants (an average of 200 plants per household) to 500 families from eight villages in Akkar. The Association is preparing the thyme plants that are now germinating; most of them will be ready in December for distribution, while LIVCD continues providing technical support to the Association to finalize production. The Association distributed 3,400 plants to 17 beneficiaries in Chadra, and will distribute the remaining 97,000 plants to the other participating municipalities during the winter season. In addition, LIVCD equipped the Association with a thyme milling machine, a separator, and a generator to ensure constant production capacity. This equipment will allow the project's beneficiaries to prepare the thyme for packaging and sale, without driving long distances, resulting in decreasing production costs. In addition, the grant will provide farmers training in planting, harvesting, processing, sorting, and milling thyme.

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LIVCD provided the Agricultural Association of Chadra with a thyme milling machine. Meanwhile the thyme plants are germinating and will continue being distributed in the coming weeks.

To continue supporting communities in the North that have suffered due to the conflict, LIVCD is discussing a potential grant with Akkarouna, a NGO focused on small scale developmental projects that is very active in Akkar for chicken distribution to host communities in Wadi Khaled, a region dramatically affected by the Syrian crisis.

### 2.4.9 RURAL TOURISM

LIVCD adopted a participatory approach in both the assessment and preparation phase of rural tourism activities. The work plan draft was discussed with stakeholders in bilateral and multilateral meetings. These included a **stakeholders' consultation workshop** on June 11<sup>th</sup> which gathered around 25 actors from the value chain, including NGOs, associations, tour

operators, and heads of municipalities. The participants gathered into panels to discuss the role of municipalities in rural tourism and a national strategy road map for rural tourism. Following the workshop, LIVCD prepared to implement the rural tourism upgrading strategy, and published a **RFP for support to rural hospitality businesses**, a one year program intended to create quality standards for the sector, undertake a mapping of rural hospitality businesses, and a gap analysis looking at the current situation and efforts required to achieve the standards. The activity will lead to creating a formal rural hospitality businesses network. At the municipal level LIVCD also identified several opportunities to implement programs with the municipalities of Ehmej, Hadath al Jebbeh, Rashaya al Fokhar, Anjar, Addoussiyeh, Greater Saida, Kfardebiane, and Jezzine. In addition, consultation meetings with influence stakeholders were organized in Deir Al-Ahmar (Bekaa), Tyr (South), and Maad (Byblos).

In **Ehmej**, which has rich natural capital and forests, a leisure park and several hospitality facilities, LIVCD discussed opportunities for developing a marketing and promotional plan, and training local guides. The municipality also expressed its interest and willingness to play a leading role in helping other municipalities in upper Jbeil and Batroun to develop rural tourism, in particular in the Tannourine municipality.

LIVCD also visited the Association for the Protection of Jabal Moussa and the Shouf Biosphere Reserve, who shared their views on ecotourism and nature conservation programs, focusing on interacting with local inhabitants.

LIVCD and the **Municipality of Hadath al-Jebbeh** signed a Development Agreement on August 25<sup>th</sup> that outlines creating additional sustainable economic activities in the region, and capitalizing on Hadath el Jebbeh's valuable natural resources, archeological sites, and living cultural heritage. Next steps for LIVCD and the municipality include drafting a sustainable plan for the cedar forest with possible reforestation support from the USAID funded LRI project, creating hiking trails, and training apple farmers on innovative agricultural practices. LIVCD also held a meeting with Michel Moufarrej, President of **Liban Treck**, and Georges Zghair, local guide in Hadath al Jebbeh, to discuss a sustainable business development plan that will directly benefit the village and its inhabitants.



Ehmej municipality benefits from a privileged location and assets for rural tourism

**Rashaya el Fokhar Cooperative (RFPC)**, observed a significant decline in the traditional heritage pottery business famous in their town, partially due to migration of the population to urban areas and abroad. The Cooperative is focusing on enhancing local economic activities through pottery production and rural tourism, and becoming a center for training and recreational activities for youth and school students in the area. In order to accomplish these

objectives, the Cooperative requires infrastructure improvements for its center, equipment and tools, training on innovation and modern pottery techniques provided by an expert, as well as developing a recreational program with a marketing and promotional strategy. LIVCD also visited **Nathalie Khayyat's pottery atelier** in Beirut. Ms. Khayyat has a great deal of experience in pottery; She is willing to cooperate with LIVCD to provide technical support to RFPC while equipping the Cooperative, ordering material, coaching, training beneficiaries on innovative pottery production, and marketing the products in Beirut through art exhibitions.

In **Anjar**, the municipality has already created long term goals for the village, started reforesting 40 hectares of land with pine trees and other types of trees with support from LRI, established bird watching and bicycle tours, and created a protected forest educational trail. The municipality is currently focused on improving ecotourism facilities, such as a guesthouse in an old renovated house, establishing traditional souks close to the ruins, supporting processed food production such as tomato and pepper paste, and creating a tourist information center.

In **Addoussiyeh**, LIVCD, along with **Purple Reef**, a professional diving and integrated maritime resource management organization, met the Head of Addoussiyeh Municipality, Marwan Ayoub, Partner and Manager of Hospitality Services, and representatives from the Youth Club, to assess the potential of introducing eco-friendly rural tourism activities in Addoussiyeh. The beach and maritime resources have great potential for becoming a protected area and a rural tourism eco-friendly destination, while requiring public involvement, private investors, and the technical assistance of professional maritime resource experts. The primary assessment of the site was very positive. LIVCD will collaborate with all parties to conduct an in-depth feasibility study to examine three main elements: natural resource assessment, concept development and financial feasibility, and legal aspects of development.

In **Greater Saida**, LIVCD held discussions with the **Hariri Foundation**, to discuss possibilities such as reactivating a youth hostel in the Khan el Franj, and training women in developing traditional crafts in the old city. LIVCD also visited **Zahia Abboud's soap factory** in Hilaliyeh, which has an excellent track record and reputation for producing and selling 1,000 tins (16 kg) a year of high quality extra virgin olive oil and soap. The soap is packaged in butter paper, labeled and sold to the Audi Soap Museum in Saida, which buys seven tons annually, and to the U.S. market, through Lebanese middlemen who buy about four tons. Mrs. Abboud is looking to build an olive mill, and to upgrade the soap factory in a new location. LIVCD met **Beit el Founoun Cooperative's** board members Rima Hayek and Nayla Aamoun, which



Anjar benefits from beautiful landscapes, including lakes with trout, and pine tree forests



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initiated the 'Dignity Project' to recycle fiber objects into handicrafts, such as wool-made tapestry. LIVCD will be linking Beit el Founoun to L'Artisan du Liban and will work with the Cooperative on developing a tourism product in Maghdoucheh.

In Bkassine, LIVCD met with Ms. Tania Nader, Owner and Manager of '**La Maison de la Forêt**', a PPP investment intended to act as a focal point for rural tourism in the area, and Mr. Maroun Azziz, Member of **Bkassine Municipality**, an experienced guide and Manager of Bkassine Picnic Area. LIVCD is exploring collaboration to train additional guides and help them organize as an association to act as local tour operators and generate income for youth in Jezzine.

While focusing on rural product development packages, destination creation, and upgrading, LIVCD met with **Lebanon Mountain Trail (LMT)** to explore expanding trails that link the LMT to the municipalities where LIVCD is active, for example, a 'sea to mountain hiking trail' based on the historic roman 'Via Appia' which linked Byblos to Anjar. According to LMT's President Karim al Jisr: "We received expressions of interest from half a dozen municipalities including Bkassine and Ehmej that would be interested to develop these side trails and feature them on the LMT map and website."

LIVCD signed a Development Agreement with the **Faculty of Tourism and Hospitality Management (FTHM) of the Lebanese University**, represented by Professor Fahed Nasr and Dr. Jad Abou Arraj. The Faculty of Tourism was established in 1997 and is one of the few academic institutions specializing in tourism in Lebanon. The faculty wishes to play a proactive role in drafting a 'National Strategy and Action Plan for Rural Tourism' that LIVCD is planning to support. Furthermore, LIVCD will help link faculty students to the rural tourism labor market and provide a framework for their research.

LIVCD also met with Dr. Hamid El-Debs, **Director of the School of Tourism and Hotel Management at Balamand University**, a leading institution in the development of rural tourism in Lebanon through several activities, including support to Beyond Beirut Association, organizing forums and seminars, and supporting local communities especially in North Lebanon. In an effort to involve universities and academic institutions in the development and upgrading of the rural tourism sector, LIVCD explored potential cooperation regarding the convergent rural tourism stakeholders' efforts towards drafting a national strategy, supporting students' research, and organizing workshops and seminars for promoting rural tourism. LIVCD will prepare a Development Agreement to sign with Balamand.

### Enhance the Economic Status of Women in North Lebanon

The grant was initiated on May 31st with implementing partner Rural Delights Cooperative "Atayeb el Rif". It aims at increasing household income and mitigating the economic effects of the crisis by distributing tool kits with materials and equipment to 120 women in Batroun,

Koura, and Donnieh, and providing a six-day training course, related to accessories, needle work, soap making, and soap decoration skills. The toolkits, containing tools, beads and pearls, molds, and thread will support the beneficiaries in their own microenterprise in crafts, at a very low cost.



The ceremony was attended by 39 women from Kfarhelda in rural Batroun, who received their certificate of attendance to the six training sessions, and a toolkit

On September 18<sup>th</sup>, LIVCD attended the first ceremony to distribute handicraft kits and certificates of attendance to 39 women in Kfarhelda, in upper Batroun, that included the mayor, who delivered a speech thanking USAID, LIVCD, and Atayeb el Rif. The USAID-funded project ‘The Lebanon Performance Management Project’, implemented by Social Impact was also in attendance verifying LIVCD performance monitoring and indicator measurements. Many women, such as Claudine, expressed their enthusiasm: “This training opened new opportunities. I will start producing accessories soon, and I hope to be able to open my own little shop to sell them. I also plan to benefit from the project’s assistance in marketing and to attend exhibitions and fairs to display my handicrafts.” LIVCD will organize two additional ceremonies for participants in Donnieh and in Koura and continue supporting participants by paying transport costs and renting space at holiday events where the women can sell their products.

#### 2.4.10 STONE FRUITS: AVOCADOS AND CHERRIES

LIVCD organized an **Avocado Roundtable** on September 5th, attended by several land owners and producers, a nursery owner, the Project Manager of the Hariri Foundation’s Nursery, and the Manager of Tasweeq. LIVCD is currently visiting and selecting potential farmers based on established criteria, and organizing them into clusters for project interventions, such as assistance for orchard renovation and technical support.

In parallel, LIVCD is developing with the collaboration of local experts, a **technical and scientific curriculum** addressing all production levels of avocados including orchard establishment, technical practices, seedling selection, harvesting, and post-harvest practices. Based on discussions with major avocado producer Mohammad Hijazi, and **Hariri Foundation’s** Agriculture Department Manager, Ibrahim Hariri, LIVCD will develop a training curriculum, focusing on technical practices to increase productivity and cultivating new

emerging varieties. LIVCD is also identifying orchards suitable for establishing demonstration plots in South Lebanon, in order to introduce good agricultural practices. Some of the recommendations to improve these orchards include the selection of resistant varieties, as well as commercial varieties with good market demand, installing bee hives in the orchards for better pollination, and providing LIVCD technical assistance.

LIVCD also visited the offices of Kamal el Tawil from Tasweeq Exports, an exporter of Hass avocados under the brand name Mawassem, who ships to the HORECA sector in Kuwait. Mr. Tawil will collaborate with LIVCD in finding new export markets and identifying local suppliers of Hass avocados. While meeting with Mohamad Hijazi one of the largest growers in the country, he noted the prospects for avocados: “Today production stands at about 10,000 tons, half of it being exported, while Lebanon consumes around 5,000 tons per year, mainly through juice stands, households, and hotels. There is great market potential for industrial use of avocado, specifically in the cosmetics industry.”

LIVCD traveled to Sannine to meet with a **potential trainer** and co-investor, Engineer Ghassan Feghali, and a group of six local farmers that own **cherry orchards** and are dammans from Baskinta, Sannine, and Qaa el Rim. LIVCD visited several orchards to identify two potential **demonstration plots** for early and late varieties and assess the availability of an old orchard for applying new agricultural practices in order to compare it to traditional techniques, and offer extension services. Mr. Feghali estimated the cost of establishing a two dunum demonstration plot, in addition to requiring about 35 days of preparation.

The Deir el Ahmar region comprises small orchards that are sometimes hard to access, planted with about 50 percent cherries, as well as peaches, apricots, and apples. Although the fruits produced are of very good quality, farmers suffer from product loss during transportation, high cost of irrigation due to water mismanagement, and lack of good agriculture practices, in particular for new emerging varieties.

In Ainata, the mayor and representatives from the Agriculture Cooperative attended a meeting along with farmers who shared their major challenges, including selecting the appropriate varieties suitable for the climate, identifying soil characteristics, and



Hariri Foundation suggested organizing a “Cooking day for Avocados” and avocado processing for juice, pastry, and cosmetics



In Sannine, LIVCD visited potential cherry orchards to develop demonstration plots and met with six local cherry producers

water requirements. LIVCD can also support the region by providing the needed extension services, linking the producers with traders and exporters, and developing a brand and marketing strategy for Ainata cherries. LIVCD identified farmers and is grouping them in the following clusters for future project intervention: 1) Baskinta, Metn 2) Deir el Ahmar, Baalbeck, 3) Ainata, Baalbeck, 4) Bkaakafra, Bcharre, and 5) Bahina, Zahle.

#### **2.4.11 CROSS-CUTTING COMPONENT: ACCESS TO FINANCE**

The assessment prepared during the initial six month assessment aimed at determining the financial needs of MSMEs in Lebanon, evaluating existing providers of financial services, analysing the gap between the supply and demand for these services, and making recommendations on how to improve access to finance for those enterprises that are capable and willing to utilize available products. In addition, the team met with Mahmoud El Zein, COP of the USAID funded Lebanon Investment in Microfinance (LIM) Program, that provides grants and supports selected microfinance institutions (MFI) and other providers of micro-credit loans, while improving their technical assistance and building their capacities. As Mr. El Zein explained, “There is a need for human resource development in the sector, specifically in advisory services. MFIs require training on best practices in credit methodology especially for SME loans and marketing.” LIM also provided MFI statistics useful for the Access to Finance Report.

LIVCD also met with Khater Abi Habib, Chairman, and Yolla Serieddine, Manager, of the Credit Department at **Kafalat**, who presented the institution’s activities, highlighting its new program for agricultural and rural development, which aims at increasing access to credit for small-scale farmers, and targets rural women and young farmers with two types of loan. LIVCD also met with **Emkan**, an institution which provides microfinance services to low income individuals through its six branches in Akkar, Tripoli, Chtaura, Saida, Tyr and Beirut.

LIVCD also held a meeting with Mr. Ziad Halaby, General Manager of **VITAS (formerly Ameen)**, one the largest microfinance providers in Lebanon, which serves its clients across the country, both directly and in partnership with local banks. USAID COR Georges Frenn, the LIM project’s COR, and LIVCD held a meeting with Benoit Eid, Hani Howayek, and Gael Tarazi from **BLC Bank**, to discuss the possibility of future collaboration, focused on: 1) Facilitating access of MSMEs to financing sources such as Kafalat, subsidized loans, and microloans; 2) presenting BLC’s ‘Business Solutions’ roadshows organized in rural areas in conjunction with LIVCD value chains; 3) discussing the BLC ‘WE initiative’ focused on providing women with relevant and innovative products and services, enhancing financial and networking opportunities, and capacity building. Through a unit exclusively dedicated to supporting and serving women, BLC is the first bank in the region committed to women’s empowerment. Among the ideas discussed, were to invite loan officers to participate in value chain tours of farms and factories, and to organize workshops for farmers to explain the loan application process. As a follow-up,



BLC Bank will draft a proposal with potential activities to submit to LIVCD, while LIVCD will also organize a meeting with the Head of the Women in Business Initiative.

#### 2.4.12 CROSS-CUTTING COMPONENT: CAPACITY BUILDING

The capacity building component of LIVCD aims at building critical skills of Lebanese stakeholders, to build a permanent cadre of skilled local firms, associations, foundations, and organizations. LIVCD's NGO assessment report signals the need for this content to be presented in a more dynamic and interactive format in order to maximize buy-in and uptake on the part of NGO's - who have often found previous trainings in this domain to be too formal, impractical, and not responsive to their capacity building priorities and existing experience base. On June 21<sup>st</sup>, LIVCD attended the "**Gender Mainstreaming in USAID Programs**" workshop organized by the U.S. Embassy and conducted by **Social Impact**.

LIVCD is also preparing a **gender assessment** with STTA support to consider the different roles, needs, and perceptions of women and men in agricultural and other related economic development projects, in addition to taking into account the gender based constraints that women face, particularly the factors that limit their participation in project development, implementation, management, and access to services and resources.

LIVCD team members attended **a training of trainers (TOT) workshop** on facilitation skills and NGO orientation and engagement, presented by Making Cents STTA Hillary Proctor. LIVCD plans on building the capacity of about 150 NGOs during the life of the project. LIVCD's Institutional Capacity Building component is designed to enhance the capability of organizations that are linked to LIVCD's value chains to make meaningful contributions to upgrading strategies. Enhancing capacity will provide opportunities for efficient, effective, and sustainable value chain contributions. LIVCD also facilitated pilot training for the



Three NGOs participated in the LIVCD pilot training for 'NGO Orientation and Engagement'; participants learn the concept of value chains

following three NGOs active in rural communities: L.O.S.T, established in Baalbeck and Hermel; Akkarouna, established in Halba, Akkar; and Train/ Train, a NGO working on rehabilitation of old railways as part of the rural tourism value chain. These pilot sessions were an opportunity for LIVCD to test the material and receive feedback from the three organizations in order to adjust and improve the future capacity building training. Sections of the material were provided by USAID and were included in the training curricula. To upgrade institutional capacity, LIVCD's menu of common training inputs focuses on three key areas: project design, project

implementation, and project management and reporting. The reference material is currently being finalized and will be translated into Arabic. LIVCD will plan future training by drawing from a menu of common training elements and designing a customized training package for each NGO.

In addition, LIVCD met with Hervé de Baillenx, COP of the USAID-funded **Baladi Plus and PACE Programs at Management Systems International (MSI)**, as well as Jihad El Cheikh, Senior Local Governance and Decentralization Specialist. The discussion revolved around the capacity building programs and ways to coordinate on this component among USAID-funded projects. As a follow-up, LIVCD will attend a training workshop and will share reference material with the MSI team for feedback.

#### **2.4.13 CROSS-CUTTING COMPONENT: COMMUNICATIONS**

This component will raise public awareness about LIVCD value chain activities within USAID and the larger development community, communicating to value chain actors about opportunities for investment and marketing, and will support the promotion and sales of LIVCD products in specific value chains.

LIVCD published a **RFP for packaging and labeling** which will allow Lebanese small and medium enterprises to develop packaging and products adapted to both domestic and export markets. Packaging is a key element of the DPSM positioning- Distribution, Pricing, Shelving and Merchandizing, as it conveys brand and technical information. By facilitating companies' access to specific on-pack labelling market requirements, the companies will increase sales in both domestic and export markets. Next quarter, LIVCD will identify a service provider to facilitate Lebanese product upgrading, marketability, and competitiveness.

LIVCD will look into a **Corporate Social Responsibility (CSR) program** to partner with the private sector in order to secure visibility in traditional media and on social media for the different value chains. LIVCD is also planning communication campaigns to raise awareness on several value chains. In addition, LIVCD has submitted a request for a project website to USAID, which will allow disseminating information such as announcements for events, exchanging documents and information on specific topics related to the value chains between the project stakeholders in different regions across Lebanon, sharing best practices, and communicating opportunities to potential partners.

#### **2.4.14 CROSS-CUTTING COMPONENT: MARKET INTELLIGENCE**

The objectives of market Intelligence is to make reliable, actionable marketing intelligence available to different stakeholders in the targeted value chains. Also, support will improve

stakeholders' ability to identify market opportunities and make better business planning and investment decisions. It also aims at increasing competitiveness of targeted value chains through a commercially sustainable marketing intelligence system.

Recently, LIVCD met several **market research agencies and consultants** for its market intelligence component, to identify a reliable partner for market research analysis, understanding business challenges, and applying appropriate market research solutions to increase exports into identified target markets. The team also put together a list of major trade shows in Europe, the U.S. and the Gulf related to the selected value chains, with an emphasis on processed foods, fresh fruits and vegetables, tourism, and floriculture. LIVCD is currently completing a market study for processed foods and honey in the GCC through an STTA. Based on the study, LIVCD will create relevant linkages between food processors and export markets.

LIVCD also organized a meeting attended by Mae Moussa, Owner of The Cook's Pantry, May Traboulsy from Atayeb el Rif, and Jared Lebel, Expert in the UK market, to discuss possibilities to support Atayeb el Rif and their 42 supplying cooperatives through building a sustainable export channel to the U.K. market. The Cook's Pantry is a private sector exporter that already buys products from Atayeb el Rif and sells it on the amazon.co.uk website; however because many of the orders are small volumes, shipping costs are high making it challenging for the company to fulfill many of the orders. The intervention planned with Atayeb el-Rif includes increasing product visibility and boosting the communication strategy and presence on Amazon to increase sales volumes; identify potential new customers in the U.K. resulting in increased quantities shipped.

LIVCD held a meeting with representatives from **General Establishment for Import and Trading (GEFCO MENA)**, including Dr. Elias Sayah, President and CEO, Dr. Abdullah Sayah, Executive Vice-President, and Mr. Robert Haddad, Vice-President, to discuss new market channels for Lebanese olive oil and soap, honey, pine nuts, apple vinegar, and processed food in the GCC. GEFCO distributes all types of food to 17 branches of Carrefour supermarket. Mr. Sayah mentioned: "We hope to cooperate with LIVCD in order to facilitate new Lebanese products entering the UAE. Sustainability matters a lot to us, rather than simply turning a quick profit and creating short-sighted strategies. Lebanon can be competitive with product innovation. Also, there is an important demand for specialty, tasty, high quality, natural food which would be labeled as 'baladi', 'tabi3i' and 'baladi lubnani'."

## 2.5 MONITORING AND EVALUATION

### **LIVCD performance indicators and Performance Monitoring Plan (M&E Plan)**

Following the USAID COR approval of the LIVCD Life of Project and 18 Month Work Plan on August 30, 2013, the Monitoring and Evaluation team completed the screening process to select the best indicators to measure project performance. Also, LIVCD completed the draft M&E Plan, based on the LIVCD Results Framework, Causal Model, and Work Plan. Fourteen indicators were selected and documented and the document was submitted to Social Impact - Performance Management Program for Lebanon (PMPL) project- on September 9<sup>th</sup> for review and approval. Once the M&E Plan is approved, efforts will focus on establishing Life of Project and interim (annual) performance targets; customizing tools for data collection and management; collecting baseline data; and customizing the TAMIS database for work plan management and M&E data.

### **Social Impact Verification Visit**

In September, the PMPL Senior M&E officer, Kamil Wanna carried out verification field visits to five local organizations and selected beneficiaries of LIVCD activities conducted over three days and included organizations located in Bekaa and the North:

### **LIVCD Performance Indicator Results (Year 1 Approved Indicators)**

In Quarter 3, USAID and LIVCD agreed on three indicators to begin monitoring project performance in advance of the approval of the Work Plan and M&E Plan. The three indicators are:

1. Number of MSMEs, including farmers, receiving business development services from LIVCD assisted sources
2. Number of private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and community-based organizations (CBOs) that applied new technologies or management practices as a result of LIVCD assistance
3. Number of public-private partnerships formed as a result of LIVCD assistance.

In Quarter 3 and Quarter 4, LIVCD monitored these three performance indicators using a simple data collection methodology, comprised of interviews with LIVCD project staff and review of project records. This methodology will be adapted once the full performance management system is in place. It is expected that these three indicators will remain part of the LIVCD M&E Plan, so the results reported here will be validated and added to the system and aggregated to track quarterly and yearly progress against targets.

More details are available in the Annex.

**Table 2 LIVCD Performance Data Table**

<b>No.</b>	<b>Indicator Type</b>	<b>Indicator Title</b>	<b>Unit of measurement</b>	<b>Target (End of Sep. 2013)</b>	<b>Actual (End of Sep. 2013)*</b>
1	FtF 4.5.2-37	Number of MSMEs, including farmers, receiving business development services from USG assisted sources	Number	35	677
2	FtF 4.5.2-28	Number of private enterprises (for profit), producers organizations, water users associations, women groups, trade and business associations, and community based organizations (CBOs) that applied new technologies or management practices as a result of LIVCD assistance	Number	25	3
3	FtF 4.5.2-12	Number of public-private partnerships formed a result of LIVCD assistance	Number	10	7

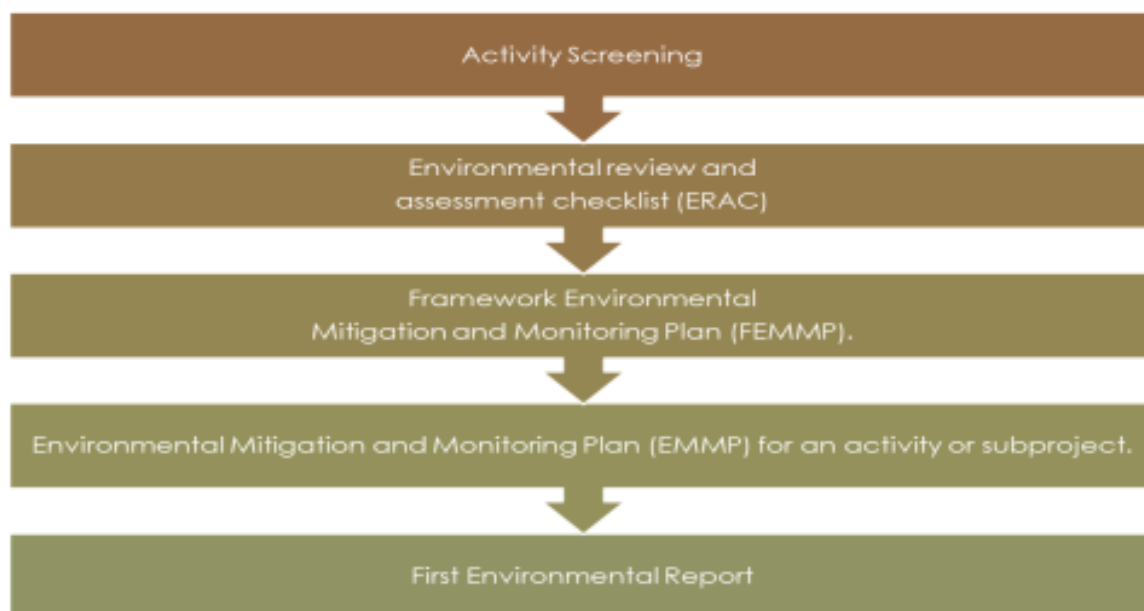
\*Results reported are detailed below

## 2.6 ENVIRONMENTAL COMPLIANCE AND MANAGEMENT

### Development of LIVCD Environmental Compliance System

LIVCD began developing the Environmental Compliance review system, including the Environmental Review and Assessment Checklist (ERAC), and Environmental Mitigation and Monitoring Plan Framework (EMMPF) and templates, based on the Initial Environmental Examination (IEE) report that was prepared for LIVCD by USAID. The LIVCD Environmental Compliance Review process is illustrated in Figure 1.

Figure 1: The process for the environmental compliance review



### Developing the PERSUAP

LIVCD began preparing the PERSUAP this quarter. STTA, Alan Schroeder, has been engaged on a short-term basis to lead the process. He is working with LIVCD to collect information related to pesticide regulation and use in Lebanon. This includes a desk review of regulations for pesticides. LIVCD also developed a questionnaire on the use of pesticides that was sent to staff responsible for each value chain. Data through several field visits and consultation with LIVCD agricultural specialists was also completed this quarter.

LIVCD expects to submit the PERSUAP to USAID in November. The PERSUAP will take into consideration all the different local and international requirements, as well as U.S. guidelines and Lebanese regulations for pesticides set by the Ministry of Agriculture.

## 2.0 CHALLENGES AND OPPORTUNITIES

- **Regional issues:**

The ongoing crisis in Syria is complicating current and future project implementation in the border towns and villages, and security concerns periodically limit mobility in the areas of Baalbeck, Hermel, Bekaa, and Akkar. In order to avoid hazardous situations, LIVCD is monitoring security updates on a daily basis to plan all field trips.

LIVCD's inability to work with the Government results in lack of necessary support for some initiatives. For instance, there is a possibility to face export constraints due to regulations from the ministries and the Lebanese government. However, there is a possibility to obtain information from the Lebanese governmental institutions through project partners.

Lebanese behavior and lack of responsibility towards public property remains another challenge to address, in particular in the tourism value chain. In addition, several value chains, including olive oil, are affected by the dumping of cheaper products in the Lebanese market which is particularly challenging for marketing efforts and activities within this value chain.

- **Interaction within the development community:**

LIVCD was favorably welcomed by the Lebanese development and agriculture community and potential partners. Since the beginning of the project in October 2012, LIVCD has built a strong network of relationships, based on meetings conducted and the experience of LIVCD staff members. This large list of stakeholders along the value chains will help to create partnerships and collaboration across the project. A systematic approach building on USAID and other donors' projects will allow significant development of the value chains to a level not experienced previously. LIVCD has met with several ongoing projects, including LIM, Baladi, LRI, and QUALEB, in order to coordinate projects with shared objectives or with common geographical scope of intervention. LIVCD also met the team at the **FAO-funded 'Strengthening Production and Marketing of Lebanese Agricultural Products'**, members from the **IRSHAD Project**, that has been very active in apples, pears, cherries, and plums value chains for 15 years, and from **World Vision Lebanon**.

- **Project's strategic objectives:**

The project has ambitious objectives linked to Feed the Future, and is focusing on areas facing difficult economic situations where impact can be important and targets achieved. LIVCD aims at integrating Science, Technology, and Innovation Projects (STIP) in all its value chain interventions that will result in higher impact and will induce behavior changes in the agriculture sector.

The Value chains assessment phase identified eight value chains selected based on their potential to improve income and create job opportunities for a large number of beneficiaries, which will allow LIVCD to meet its targets. LIVCD remains end-market oriented and focused on improving competitiveness within the value chains. The design of the value chain work plans was built based on consultations and collaboration with stakeholders, which will ensure its adaptability to constraints and opportunities and will ensure the marketability of the products issued from the project's interventions.

- **Agricultural value chains:**

Most agriculture crops lack access to reliable certified seedlings. Some farmers mentioned discovering a different variety than the one they thought they had purchased, and many orchards are planted with unknown or non-commercial varieties. LIVCD is addressing this issue by identifying trustworthy nurseries, and working with seedling importers and growers to identify the most robust varieties that can adapt to the Lebanese climate and are resistant to diseases. In order to advise farmers on the appropriate varieties, LIVCD, with the assistance of marketing experts in key local and exports markets, is also assessing the demand for new specific product specifications, to respond to the consumers' demand for the coming years and anticipating trends. For some crops, such as avocados, cherries, and apples, growers can graft identified high potential varieties onto existing trees and attain commercial production levels within two years. However, LIVCD is cognizant of the time needed for variety modifications for some tree crops and the impending delay in impact beyond the project's lifetime.

In addition, the project has the possibility to support fast impact on increasing farmers' revenue through production improving practices and using new technologies, such as pruning, irrigation, and cold storage. For instance, there is high potential in increasing the shelf-life of several crops through hydro cooling. LIVCD also faces some resistance in traditional value chains (pome fruit) to changes in production and post-harvest, cold chain infrastructure. LIVCD is planning demonstration plots and service centers in order to disseminate new practices.

The project is recruiting qualified experts to train groups of trainers, in order to rapidly implement good agriculture practices. However, some value chains lack proper experts,



an issue that LIVCD will have to address. LIVCD will need to take into consideration that some value chains employ a high level of non-Lebanese labor.

- **Marketing, branding, and exports:**

LIVCD is encouraging its partners to apply new certifications in order to meet the regulations that will permit Lebanese products to enter exports markets denied to date. In all value chains, many marketing, export, and wholesale constraints appear specifically the exporters' lack of experience and knowledge, and financial strength to develop export markets. For example, GCC countries have very high listing fees, and processors cannot afford to pay these fees especially that the first order is usually a small trial order. Shipment costs also regularly appear as a major constraint for small producers.

In addition, prospects for sales both to the domestic and export markets are best in fresh products for the highest quality levels, which is difficult to meet due to the large number of fragmented producers and also the generally low volumes and number of exporter/packers. LIVCD will need to address the importers' needs in terms of reliability, consistency, and sufficient supply of Lebanese products, in order to reinforce market channels in export target markets.

Most value chains require improving their image in both domestic markets and abroad, and would benefit from LIVCD's support in creating a Lebanese brand identity focusing on quality, health benefits, and natural benefits. LIVCD is considering implementing a seal of quality for several products, starting with olive and honey; however the mechanism is complex and require a deep feasibility study. LIVCD is also planning to improve the image of the Lebanese products abroad by educating the consumers on the usage of certain products, through recipes and sampling. LIVCD will also encourage the testing of products in order to encourage distributors to procure from Lebanese producers which apply measures that reduce health hazards. These tests are still costly and not accessible for small producers.

- **Access to Finance:**

Smaller farmers lack of financial capacity to self-finance production upgrading, and poor quality and high priced planting material is a constraint to growth. LIVCD will need to take into consideration the difficulty to offer loans versus grants to local actors in the same rural communities (limited budget for grants). LIVCD is also working on a prospectus to attract private sector investors into agriculture and rural tourism projects, specifically for crops that have slower return on investment and necessitate high cost in land and equipment.

## 3.0 HIGHLIGHTS OF FUTURE ACTIVITIES

LIVCD will work on the following activities in the beginning of Year 2:

- Follow-up with the network of stakeholders on grant, co-investment, and PPP opportunities that emerged from the various meetings, workshops, and assessments.
- Consolidate, reinforce, and expand the network of partners built through contractual agreements, in order to implement value chain upgrading strategies.
- Identify geographic areas where impact will be the most significant.
- Complete the LIVCD M&E Plan with targets and a baseline assessment that will allow tracking, measuring, and reporting project attributable results. The M&E Plan, along with a baseline survey, will be submitted to USAID for approval.
- Select partners and locations for demonstration plots and facilitate farmer's access to these sites to learn new and improved technology that can be replicated and scaled up.
- Pursue the implementation of the value chain activities in Lebanese communities affected by the Syrian conflict and initiate new grants for additional project and extended areas.
- Conduct assessment for several projects, including a quality and origin seal, a breeding center for honey, cold storage and milling facilities, and marketing studies in several export markets.
- Finalize training manuals and initiate both institutional and technical capacity building for project partners.

## 4.0 STAFF AND ORGANIZATION AND KEY DELIVERABLES

### 4.1 STAFFING

The first phase of the project focused on mobilization of both in-country and home office resources to ensure a smooth and efficient project launch. Utilizing a multiphased plan that combined DAI's extensive start-up experience and available in-country resources, the project hit the ground running within a week of contract award. In less than two months, the project became fully operational, including the hiring of core staff and establishing many of the financial and administrative systems, policies, and procedures. One of the major challenges faced by

LIVCD was recruiting for long term staff since the project began after nearly two years after USAID issued the RFP for the project.

LIVCD started the recruitment process of local staff members during the first week of the project, and issued several calls for resumes, in October and later in February.

LIVCD recruited a number of key positions in early January, including the Access to Finance Specialist, Value Chain Leaders, the Operations Manager, and five Value Chain Assessment STTA Consultants. Virtually all of the long term positions are now filled with only a few positions remaining in the Bekka field office.

The team also started developing the LIVCD Field Operations Manual, and initiating procurement in October. In November, LIVCD signed a five-year lease for a 370 square meter office space in Horsh Tabet, Sin el Fil, and moved in January. All Tripoli, Zahle, Saida and Jezzine offices are currently operational. The Tripoli office was partially furnished with DHAIM furniture.

## **4.2 FINANCE AND REGISTRATION:**

LIVCD, with assistance from the DAI LWWSS project team, worked on establishing an accounting system and a bank account at Citibank in the first week of November. Project registration was initiated in November and was completed by end of January. The LIVCD Power of Attorney was delivered to the COP and DCOP in mid-December. The LIVCD project received its Certificate of Registration from the Ministry of Economy in mid-February. Also in February, DAI Home Office IT specialists arrived in Beirut to install and support IT and information systems and train local IT staff. The DAI Home Office Technical and Administrative Management Information System (TAMIS) Specialist arrived in Lebanon in February to complete the setup of LIVCD's TAMIS and train all staff on utilizing this important project management tool. Finally, the Field Accounting System (FAS) Specialist Vahe Sahakyan visited Lebanon from May 21<sup>st</sup> to June 5<sup>th</sup> to customize and test the LIVCD's FAS database and conduct training for LIVCD's finance and accounting staff.

LIVCD has signed five grants detailed in the annex. The team is preparing additional **grant proposals** in processed food, grapes, the rural basket, marketing support, labels and packaging, rural tourism, and olive oil for submission to the COR for approval.

LIVCD signed **Development Agreements** with the Lebanese University and Hadath el Jebbeh Municipality for Rural Tourism. Additional agreements are in preparation for demonstration plots for pome fruit with Gaby and Seto, and Emile Skaff, and for rural tourism with Rashaya al Fokhar and Addoussiyeh Municipalities, and the B-West Network.

- **Ongoing RFPs:**

- 1) Upgrading the institutional setting of the **rural tourism** value chain
- 2) Support to rural hospitality businesses
- 3) Marketing labeling and branding
- 4) Business development services
- 5) Design, development, and support of a web-based Geographic Information (GIS)
- 6) Technical supervision of farmers receiving co- investment in the **grapes** value chain

#### **4.3 DELIVERABLES:**

- A six-month Start-up Plan was submitted to USAID, detailing the activities that will ensure an efficient start-up and the completion of tasks under each of the project's components, in particular the Value Chain assessment and the mobilization phase.
- Subcontracts Management Plan was submitted and approved by the COR.
- Value Chain Selection Report was submitted to USAID on December 12th
- Updated Value Chain Assessment Methodology was submitted on January 3rd.
- A list of the established contacts was shared with USAID on April 10th, related to the value chains identified as priorities.
- Weekly reports: Since October 30, LIVCD submitted 49 weekly reports to USAID,
- Quarterly reports: LIVCD submitted four quarterly reports by October 15<sup>th</sup>, 2013.
- Macro-Economic Assessment was sent to USAID for review on March 31<sup>st</sup>.
- NGO Capacity Building Assessment: April 5, 2013
- Access to Finance Assessment: April 4, 2013
- Value Chain Assessments:
  - Honey Value Chain Assessment: February 1, 2013
  - Pome Fruit Value Chain Assessment: February 21, 2013
  - Grapes Value Chain Assessment: February 18, 2013
  - Olives Value Chain Assessment: March 8, 2013
  - Ag Basket Desk Study: February 26, 2013
  - Floriculture Value Chain Assessment: April 1, 2013
  - Non-Ag Basket Desk Study: April 6, 2013
  - Citrus Desk Study: April 5, 2013
  - Banana Desk Study: April 8, 2013

# ANNEX

## Discussion of LIVCD Performance Indicator Results, Year 1

### Indicator 1. Number of MSMEs, including farmers, receiving business development services from LIVCD assisted sources

Table 3 Indicator 1 Results

Disaggregation		Description	Result
Total MSMEs			<b>677</b>
By Value Chain		Rural Basket	535
		Rural Tourism (Handicrafts)	133
		Processed Foods	8
		Olive Oil	8
By Size of MSME	Micro (1-5 employees)	666	
	Small (6-50 employees)	10	
	Medium (51-1—employees)	1	
By Sex of Owner	Male	418	
	Female	258	
	N/A	1	
By Type of MSME	Ag Cooperative	3	
	Producers (agriculture)	530	
	Producers (handicrafts)	133	
	Input Suppliers	2	
	NGOs	1	
	Processors	7	
	Trader	1	

LIVCD achieved a result of 677 MSMEs receiving business development services from USG assisted sources. This result was well beyond the Year 1 target of 35 MSMEs.

The result is much higher than the target due to the number of project activities that provided assistance to micro-enterprises in host communities in Lebanon (result of 666 micro-enterprises assisted in Year I), under the Rural Basket and Rural Tourism value chains. LIVCD assisted these micro-enterprises to start or expand businesses for free-range eggs, honey, handicrafts and thyme production through training and investment in initial assets.

LIVCD is reviewing the target for this indicator as part of the process of finalizing the PMP.

## **2. Number of private enterprises (for profit), producers organizations, water users associations, women groups, trade and business associations, and community based organizations (CBOs) that applied new technologies or management practices as a result of LIVCD assistance**

LIVCD achieved a result of 3 private enterprise (for profit) applying a new technology or management practice, below the target of 25 private enterprises or organizations. These new technologies included:

- **ISO Certification.** ISO 22000:2005 is a quality management standard for food safety (“new management practice”), which can increase efficiency in food production as well as add value, because the end consumer will pay a higher price for food produced under an ISO quality system. In Quarters 3 and 4, LIVCD identified companies interested in adopting the ISO 22000:2005 quality management system. LIVCD performed audit for and provided the company with assessment of its current system, and the steps and resources needed to come into compliance with ISO standard. When a LIVCD-assisted company hires or designates a Quality Manager to pursue quality management changes, it is considered to have applied this new quality management practice.
- **New Product Labeling.** Product labels are an essential component of a product, particularly in the Processed Foods, Honey and Olive Oil value chains for retail sales. The product label can open access to markets, in the case where an importing country may have specific standards for nutritional or weight information labeling. The presentation of the label can make the product more attractive to end consumers (e.g., the language used, quality of graphic design, branding elements, etc) and thus increase its value. A change in a product label thus constitutes a “new marketing management practice,” leading to increased value of the product and so greater productivity of the processing operator. When a LIVCD-assisted company produces or procures new labels, they are considered to have applied this new marketing management practice.

The target set for Year I was ambitious, particularly given that this indicator tracks the *application* of new technologies. Many LIVCD activities began implementation at the end of



Quarter 4, after the approval of the LIVCD Work Plan in September 2013. Therefore, while LIVCD activities are introducing new technologies and management practices to private enterprises and organizations, the results (application of new technologies and management practices) were not achieved by the end of Quarter 4. These firms are discussed below.

#### Firms and Organizations assisted to apply new technologies or management practices

During Quarter 4, the LIVCD team initiated coordination with eight food processors (private companies, and one cooperative) on activities that will, next quarter (Quarter 5), achieve results under Indicator 2. The LIVCD project is providing technical assistance for these MSMEs to apply new technologies which will improve and impact their marketing and facilitate their access to potential new high end markets through labeling, ISO certification, or new processing technology.

<b>Fiscal Year</b>	<b>Reportin g Period</b>	<b>MSME, Framer Name</b>	<b>MSME Type2</b>	<b>Business Development services TYPE</b>	<b>Business Development services Name</b>	<b>notes</b>
FY2013	Aug-Sep2013	CORTAS sal	Processor	Technical Assistance	Jams	Labeling
FY2013	Aug-Sep2013	Delta	Processor	Technical Assistance	Processed Food	ISO 22000:2005
FY2013	Aug-Sep2013	Kaddoum	Processor	Technical Assistance	Honey	ISO 22000:2005
FY2013	Aug-Sep2013	AL Nabil	Processor	Technical Assistance	Pickles	ISO 22000:2005
FY2013	Aug-Sep2013	Jabal Cheick	Processor	Technical Assistance	Honey	Labeling
FY2013	Aug-Sep2013	Jana Al Ayadi	Ag. Coop	Technical Assistance	Jams	Labeling
FY2013	Aug-Sep2013	Cedrus	Processor	Technical Assistance	Pickles	ISO 22000:2005
FY2013	Aug-Sep2013	Meshaalani	Processor	Technical Assistance	Pickles	New Pickle Processing Technology

LIVCD is reviewing the target for this indicator as part of the process of finalizing the PMP

### **3. Number of public-private partnerships formed a result of LIVCD assistance**

LIVCD achieved a result of 7 Public Private Partnerships formed, falling short of the target of 10 PPPs formed. The result is in part due to a change in the definition used by LIVCD for Public Private Partnership. The working definition, which was reached with USAID in Quarter 4, is based on the Feed the Future concept of PPPs. The definition is provided below.

A public-private partnership has the following elements:

- **Public and private partners.**

Public Partners: USAID is represented as the public partner through the LIVCD project. Other public partners may include a national or sub-national government, a donor-funded implementing partner, or state enterprises which are non-profit.

Private Partners: Private sector partners may be domestic or foreign for-profit enterprises including firms, cooperatives, NGOs, a community group, or a state-owned enterprise which seeks to make a profit (even if unsuccessfully).

- **A clear agreement between partners.** This agreement will specify:

- The common development objective.

LIVCD will identify partnerships that directly contribute to achieving the LIVCD Objective of developing fully functioning, competitive value chains to increase incomes of the rural population including MSMEs, and/or one of the LIVCD Intermediate Results of Increasing Market Access, Increasing Business Linkages, or Increasing Productivity

- The resources each party will commit, which must be a cash or significant in-kind contribution from each party.

Types of resources that may be committed include financial resources, technologies, technical expertise, distribution networks, relationships, market access, brand value, links to other companies (subsidiaries, partners, value chain members), core business capabilities, jobs, country presence or footprint (number/type of customers, suppliers, employees, cash investment), ability to expand/sustain projects.

LIVCD is reviewing the target for this indicator as part of the process of finalizing the M&E Plan.

